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Proactive comms can keep jittery clients from blowing up inboxes during market turns

By Rob Burgess
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The U.S. military famously uses the defense readiness condition (DEFCON) system to communicate current threat levels internally.

DEFCON 1 is the most severe, while DEFCON 5 is the least.

Paul A. Caylor, founder and chief financial strategist at Prudent Wealth in Huntsville, Alabama, uses an analogous system, called "FinCon," or "Financial Conditions." (Prudent Wealth serves engineers, and Caylor is attending the 2024 Space and Missile Defense Symposium.)

Monday's market drop was rated by the firm as "FinCon 5," similarly the lowest threat level. Caylor said they often react to such a single-digit-percentage-point drop with a "hand-holding email," which has been preapproved and renewed bi-annually by its compliance department.

Experts view such prewritten communications as best practices for any firm. Not unlike newspapers that prewrite obituaries for well-known people before they die, financial advisors who want to be able to quell client fears in the moments after an unexpected event can benefit from forethought.

"It's difficult to get ahead of quickly moving markets if you're flat-footed," said Matthew Spradlin, director, wealth manager and vice president of Godfrey & Spradlin Private Wealth Advisory at Steward Partners in Midlothian, Virginia. "A good communication strategy is derived from a foundation of regularity."

Stocking up on canned evergreen content

For many advisors, though, "it's a serious area for improvement," said Zoe Meggert, founder of Perfectly Planned Content, a boutique content marketing agency for financial advisors and RIAs. On Monday, when the market dropped, no fewer than half of her clients reached out immediately to ask how quickly we could get a client communication together and send it out.

"Ultimately, the role of an advisor is to be there for their clients — and the most client churn happens during a market downturn or a recession, not when the markets are good," she said. "Staying on top of communicating quickly when market volatility happens is key for financial advisors to build trust and exhibit expertise in their space."

Her firm responds to timely news events and market fluctuations by creating templated content for all of its clients.

"They're able to quickly tweak and adjust the content to fit their firm's unique stance, voice or client base," she said. "We can then quickly help them blast it out to clients and prospects, or even on social media to show awareness."

In her 30 years of experience counseling financial advisors on client communications, crisis control and public relations, Marie Swift, founder and CEO of Impact Communications, in Leawood, Kansas, said she has consistently emphasized the value of proactive communication strategies, especially in volatile market conditions.

"Prewritten content allows advisors to respond swiftly to market events," she said. "By having templates ready, advisors can quickly customize and disseminate messages that address current conditions, providing clients with timely and relevant information. Preapproved messages ensure that all clients receive consistent and clear information. This helps maintain a unified voice and reduces the risk of miscommunication or misinformation during stressful times."

Meggert said the agency also provides a backlog of timeless content that addresses common concerns that advisors "can call on time and again during market dips, especially if they leave out specifics to keep the content evergreen."

The medium is the message

In the past few months, Prudent Wealth began subscribing to Clearnomics, which can provide fresh content within 24 hours of a major event. On Monday, Caylor said he received an update from Clearnomics by 9 a.m., compliance approved the video by 2 p.m. and clients received emails, as well as LinkedIn and Facebook posts, by 3 p.m.

Caylor said he opted for a video response instead of the usual email because he has "emphasized to clients over the years that if there is something I'm concerned about, FinCon 3, we'd be making phone calls." He said this system has resulted in nearly two decades without a panicked client call after a market correction.

"We've trained them not to overreact," he said. "They know if I am concerned, I will let them know. Also, our FinCon process has been activated several times, so they know we keep them up to date."

Spradlin said his firm regularly communicates through email, social media and customized video content. The firm produces a broadcast called "Matt's Market Minute" in which he speaks about current events, market-moving news stories and more.

"This regular venue allows us to build upon previous topics and incorporate new stories," he said. "It shows clients that we are attuned to current events, giving thoughtful responses, and even creates an expectation in their minds."

Don't wait for the phone to ring

Having a weekly cadence of communication already in place is the best way to prevent clients from overreacting, said Robert J. Sofia, chairman and CEO at Snappy Kraken.

"When they know they'll be getting a timely update from you within a few days anyway, that prevents the sudden influx of frantic messages from clients," he said. "The key to this is to maintain consistency over a long period. If your communications are sporadic, or if they are bland, plain vanilla content, they won't have the desired effect."

Josh Radman, principal and owner of Presidio Advisors in Denver, sent out a pre-written mass communication to his clients on June 20, when the markets looked very different from Monday.

"Tl;dr — markets are rip roarin' hot right now! This is generally great news — but we have no idea how long that will last (womp womp)," he wrote. "Point is that now — while things are looking pretty — is a great time to glance at your portfolio and ask yourself: Is my equity (stock market) allocation still appropriate for what I need in the next 1yr and what I likely will need in the next 2-5yrs? Has anything changed that I should let Josh know about (plans for kids, plans to buy a house, plans to move, risky aka startup job, etc.)?"

Radman ended the email on a note of reassurance.

"As always, I'm here to help you think through some of this," he said. "My goal: I want you to sleep well at night when the market is on fire and also when it feels like it's burning down."

Even using these high-tech options, Spradlin said the firm does not lose sight of the power of a personal phone call during truly volatile times.

"Like the pilot of a plane veering away from turbulence, stating what they expect and maneuvers that have taken or will take, a voice of reason during a storm is welcoming, calming and very much appreciated," he said. "If your clients come to expect and receive communication from you during unsettling times, it will greatly reduce fear and panic and more productive conversations will take place. Those who wait for the phone to ring can expect a very different communication experience."